

**The  
Laogai  
Research Foundation**  
勞改基金會

REMARKS BY HARRY WU  
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We are here today to discuss the issues and impact of trade with China, specifically China's entry into the World Trade Organization. China currently enjoys a trade surplus with the United States of approximately \$60 billion dollars. It is my belief that China's entry into the WTO will not have a favorable impact on that imbalance for several reasons. Firstly, there is no reason to believe that China will comply with the terms of the WTO agreement, as it has not lived up to any past agreements. Secondly, China does not have a market-driven economy. The economy is controlled by the Chinese Communist Party, and they will not allow any actions that they believe are not in their best interest.

I would also like to talk today about my primary interest in the issue of US-China trade: whether or not increased trade with China will encourage democratic reforms. In fact, increased trade will not lead to democratic reforms in China, but will hinder them. The United States, through its trade policy, has been financing the Chinese Communist Party and the People's Liberation Army in their attempts to repress the Chinese population.

Since 1992, China has entered into four bilateral trade agreements with the United States, in which China has agreed to give U.S. business better access to its markets and not to discriminate against US products. China has repeatedly violated all of these agreements.

China has violated the 1996 Bilateral Agreement on Intellectual Property Rights. China promised to set up a legal system for the protection of copyrights, but American business have estimated that they have lost more than \$2 billion in China from piracy, counterfeiting and exports to other countries.

China has violated the 1994 Bilateral Agreement on Textiles, which was renewed in 1997. This treaty established quotas limiting China's apparel exports to the United States. But after the agreement was signed, China illegally shipped apparel to the United States through other countries to get around these quotas. This transshipment continues, and US businesses are losing money.

China violated the 1992 Memorandum of Understanding on Market Access. This agreement has been repeatedly violated in the areas of telecommunications and agriculture.

Finally, China has repeatedly violated the 1992 Memorandum of Understanding on Prison Labor. When this MOU was first signed, I publicly called it the Meaning of Useless. As the State Department has said in its human rights reports, China's cooperation on giving the US information on suspected exporting forced labor facilities is "inadequate." China has ignored, refused or rejected all requests for information for the past two years. It has become clear that China never meant to honor this agreement. Last year, the Laogai Research Foundation, of which I am Executive Director, identified 99 forced labor camps listed as key Chinese manufacturing companies in a Dun & Bradstreet directory. This is just a fraction of the over 1,000 camps we have identified.

Even if we disregard China's clear violation of past trade agreements, we must listen to what they are saying about complying with the WTO agreement. The US administration claims that by allowing China to join the WTO, we will be able to make sure that China plays by the rules of our trade agreements. But only a few days after the agreement was signed, China began to publicly reject some of the terms of the agreements. In the areas of insurance, telecommunications, and agriculture, China has already gone back on its word, before the ink is even dry.

This should not be surprising to those who are realistic about China. The communist party cannot institute a true market economy. The so-called "market economy" in China's mainland is actually a "socialist market economy," controlled by the government. The Chinese economic success story of the eighties and nineties is based largely on bad loans, a transfer of wealth from the state to Party cadres, and on bad accounting. There is no influential middle class in China. There is only an elite class, dependent on the CCP--a red bureaucratic class. They have two titles: CEO, manager, and also communist party member. I once heard a Chinese official proudly claim that he had "privatized" a local hotel. He meant that he now owned it.

No force on earth could return China to isolationism, and any actor in world politics would be foolish to try to isolate the world's most populous nation. But we must still ask why the West, the United States included, has adopted a kowtow culture in its dealings with the Communist Chinese government. We pretend to have a "Strategic partnership" with a regime whose goals and values are very different from our own. In 1956, Khrushchev condemned Stalin, but the United States never pretended that the Soviet Union was our partner. The current leaders of China still claim the mantle of Mao Zedong thought. The portrait of Mao still hangs in Tiananmen Square. But we pretend that China is our partner.

Our relations with China are based on the false idea that the stability of the Chinese communist party is necessary for successful political and economic relations with China, and for stability in Asia and international peace in general.

In fact, this regime, by hanging on tooth and nail to its monopoly on political and economic power, is jeopardizing the economic and political health of its own nation. It is

also undermining international political institutions and international stability. A stable and dominant communist party is not equivalent to a stable and prosperous China.

Over the last week, the Chinese People's Liberation Army obtained a Russian-built missile destroyer, and reports are that they will acquire a second destroyer by the year's end. Currently, two thousand Soviet military experts are working for the PLA. Last August, when I visited Vladivostok, the port for the Russian Pacific fleet, I saw numerous battle ships lined up in the port, out of operation because the Russian government lacks the money for their upkeep. Looking at these ships, I predicted that the Russians would soon receive a purchase order from Beijing. I ask you this question: are these Russian weapons and experts helping China become a more free and democratic society?

Where did the Chinese Communist government obtain the hard currency to purchase these battle ships and pay the Soviet weapons experts? This is the same country that owes many of its employees in its state-owned enterprises months and months of back pay. The same country that is the largest recipient of aid from the World Bank.

It is the money of Western capitalists is helping to fuel the Communist vehicle.

Yet despite the fact that the Chinese Communists are building up their navy and buying Russian battleships, one of the most popular theories in politics today is that the best way to promote democracy and improve human rights in a communist country like China is to increase investment in that country and build up trade. To me, this strategy is as realistic as convincing a tiger to become a vegetarian.

This argument has been repeated over and over again in the current debate over permanent NTR and China's entry into the WTO. We must try to better understand this approach if we are to reject it. The reasons for this "dollars to democracy" approach are the following:

1. The education revolution is ahead. Better and newer information and communication systems will facilitate the flow of truth to the people.
2. The West is dragging the Chinese leadership towards becoming a more active participant in the international community, which requires following international norms. In this way, China will become more disciplined.
3. Contact with the West will gradually improve human rights. The **examples** people like to cite the most are village elections and rule of law reform.

Please allow me to briefly address each of these supposed ways that Increased trade will lead to greater democracy in China.

First, the education revolution and the spread of information are supposed to bring democracy to China. Twenty years ago, television was supposed to bring a new era of

openness to China. Then cell phones were supposed to bring a new era of freedom. Now it's the Internet. Of course, you cannot dismiss the achievements that have been made. A few wealthy people in the cities may be able to see international broadcasts at fancy hotels. There are activists in Hong Kong that get information about trials and protests in the Mainland thanks to cell phones, and occasionally, some email from the West containing important news can get to China. There are some small cracks in the wall.

But the Chinese government is doing everything they can to seal up those cracks as quickly as possible. Censorship is used in all forms of media in China, and those seeking to work outside the confines of the state-controlled media may be subject to detention and imprisonment. And it is foreign companies and foreign technology that are helping the government keep control of information. For example, a telecommunications firm that wanted to put China on its satellite network agreed to bounce back the satellite signals to China, so that Chinese security can trace calls if they want. Rupert Murdoch, in order to get into the Chinese market, agreed to pull CNN from his cable system, and in September, one media official at the Fortune conference in Shanghai told journalists that they should not report things that will offend their host country.

If this WTO deal goes through, China may allow 20 more Hollywood movies, but they will never allow anything that challenges their power. They will never allow movies like Kundun, the story of the Dalai Lama. In fact they even tried to get Disney to stop the release of Kundun in the West. There is a rumor that an American politician went to China to negotiate a deal. So Disney only released Kundun in the United States for a very short time, and did not promote it,

China is doing its best to control whatever new technology they allow into China, and they will probably be successful, because they are the gatekeepers of information. You must also not forget that China is mostly a rural country. That is not the image that we see in the media, but the majority of Chinese today have never used a computer, and they will never use the Internet.

The second way in which economic engagement is supposed to bring democracy is the idea that by joining the international community, China will learn to abide by international norms and become more disciplined. This is a nice ideal. But the truth is that China has done more to change international institutions than international institutions have changed China. As I said, we cannot isolate China, but we also should not allow them to corrupt international political and economic systems. As an example, I am currently deciding whether I will be going to Geneva in March to attend the annual UN Human Rights Commission. This is supposed to be an important opportunity to put international pressure on countries that violate human rights. And I may go, because I do believe it is important to have a strong, consistent voice. But anyone who has been to Geneva during this meeting in a year where there is a resolution against China knows that China has managed to undermine the whole process. The meeting has become more about backroom deals for building projects and favors than human rights.

Last week, China released a White Paper on human rights that applauds the level of freedom and democracy in China. It also says that China only has a 3.1 percent unemployment rate. This number is meaningless. There are tens of millions of people who travel from the countryside to city looking for work who are not counted in this number. Just as we cannot trust this number, we cannot believe their statements about human rights. China has learned how to use the same words as other countries, but the meaning is completely different.

I have already mentioned the numerous trade agreements that China has violated. This is to be expected from a Communist government. But what I see as the worst part about the whole thing is that the United States has begun to echo their lies.

Many businesses and the administration are so eager to trade with China that they will make apology after apology for China's behavior. Just this week, the Laogai Research Foundation issued a letter to the Business Coalition for US China trade, which is the main lobbying organization pushing for permanent NTR. This letter was in response to a so-called fact sheet on China prison labor that was nothing more than an apology. They distorted the State Department Human Rights Report on China, and compared the Chinese forced labor system--the Laogai, with American prison labor. I seriously doubt that they don't realize that democracy activists, labor activists, Falun gong members, Catholic priests, and many others are in the Laogai, perhaps making products for export to the US. And we have no way of knowing where the products are going, because China has stopped following the Memorandum of Understanding on forced labor. They do not allow the US Customs service to inspect the camps, and they do not allow the Red Cross to visit.

Lastly, some will say that China is already making strides in human rights, in part because of the current rulers of China are more enlightened, and thanks in part to contact with the West.

First they echo the idea that economic development is the same as human rights. But if you look at Chinese history, Deng's policies of economic reform were not intended to weaken the power of the communist party. Mao's death and the Cultural Revolution left China in a state of crisis. Deng's response to these crises, however, was not to dismantle the communist system. Rather, he restored it by releasing farmers from the people's communes and by introducing foreign technology, and even more importantly, foreign investment. He knew that the Party could not hold on to its legitimacy if it did not change. That led to Deng's doctrine of "it does not matter if the cat is black or white, as long as it catches mice." The Chinese leaders will continue to try to take the best from the West, and keep their monopoly on power.

Both the Administration and business groups talk about village elections and legal reforms as proof that things are changing. Let me tell you that in 1958, after I had been labeled as a counter-revolutionary but I still had my political rights, I was also allowed to vote for representatives to the National People's Congress, This is the most powerful body in China. Does this mean that there was democracy in China in 1958?

The Chinese leaders have also declared over and over again that there will never be separation of powers in China. Without an independent court system, legal reform is meaningless for human rights. The communist party may allow their judges and lawyers to study contract law, but they will always be controlled by the Party. So when the Party decided that members of Falun gong are not allowed to have lawyers, there is nothing that anybody can do.

China has learned that as long as it negotiates trade agreements, it can continue to repress its own people.

I wish that foreign business would stop spreading the "dollars to democracy" idea. I wish they would be honest and simply admit why China is good for US business. The biggest advantage is the cheap and disciplined labor force. It is actually good for US business to have a strong communist party, because then they do not have to worry about giving workers benefits, or dealing with strikes. Don't try to tell me that setting up a sweatshop to make cheap sports shoes to export back to the United States is good for the Chinese people.

Everyday in China, people are making demands like those made at Tiananmen Square in 1989. Whether they are dissidents who fight for freedom of speech, or farmers who are tired of corrupt local officials, there is a broad discontent among the people of China today. Listening to these people would be a way to bring about stability. It is tragic that this regime refuses to recognize the basic fact that democracy is the best way to stability. It is even more tragic that these abuses continue without any serious consequences in the international arena.

The Chinese communist government can resist the trend of democracy and freedom with a combination of economic reform and nationalism. If this type of regime continues to exist, it will be a huge factor of instability for international peace.

Of course, China's history is written by the Chinese, but in today's international environment, international political and economic pressure can play an important role. For the sake of our national interests, and for the sake of our national values, we must shape our policies to promote respect for human rights and democracy. We cannot stop business from racing to China. But American businesses in China or here, doing business with China should not be allowed to join the communist party in abusing the Chinese people.

The international community must tell China clearly: we expect to see a peaceful, prosperous, free and democratic China, not a prosperous and stable communist China. Peace and prosperity are possible only when human rights, democracy and freedom are respected.